

**MINUTES OF SPECIAL MEETING
ILLINOIS GAMING BOARD
December 8, 2005
CHICAGO, ILLINOIS**

NOTE: ITEMS IN **BOLDFACE PRINT** REFLECT OFFICIAL BOARD ACTIONS

The Thursday, December 8, 2005 Regular Meeting of the Illinois Gaming Board ("Board") was held in the conference room of the Gaming Board Offices on the 3rd floor at 160 N. LaSalle for closed session.

The following Board Members were present: Chairman Aaron Jaffe, Members Charles Gardner, Joseph Moore, Eugene Winkler and James Sullivan.

At 9:50 A.M. Chairman Jaffe called the meeting to order. Pursuant to Section 2(c), paragraphs (1), (8), (11), (14), and (21) of the Open Meetings Act and Section 6(d) of the Riverboat Gambling Act, Member Gardner moved that **the Board retire to Closed Session to discuss the items listed under Closed Session on today's agenda and relating to the following subject matters:**

1. **Personnel matters;**
2. **Evidence and testimony presented in disciplinary hearings;**
3. **Pending Litigation;**
4. **Investigations concerning applicants and licensees; and**
5. **Closed Session Minutes.**

Member Moore seconded the motion. The Board approved the motion unanimously by voice vote.

The Board convened its Open session at 1:40 P.M.

Approval of Minutes

Member Winkler moved to approve the minutes of the following meetings: Special Meeting of July 26, 2005, Special Meeting of August 1, 2005, Special Meeting of August 24 & 25, Special Meeting of August 30, 2005, Special Meeting of September 7 & 8, 2005, Special Meeting of September 19, 2005, Special Meeting of September 26, 2005, Regular Meeting of September 29, 2005, Regular Meeting of October 14, 2005, Special Meeting of October 18, 2005, Regular Meeting of November 4, 2005, and Special Meeting of November 17, 2005. Member Gardner seconded the motion. The motion passed by unanimous vote.

Chairman's Report

Chairman Jaffe stated that James Wagner will be leaving the Gaming Board and has secured a position with the Chicago Crime Commission. Chairman Jaffe stated that he will be missed and we will try and fill his position with someone of his stature. Member Moore and the rest of the Board echoed the Chairman's statement.

Chairman Jaffe stated that the Board will not be taking the final vote on the Emerald Disciplinary Action and the public will be notified when the Board is ready to make its decision. Chairman Jaffe stated that the Board is reviewing the record and exhibits. The Chairman also stated that there are certain public speakers who have come forward and have asked to speak. The Board will listen to all public speakers. Everyone must understand that when the Board is considering the Emerald case, the Board is acting in a quasi judicial role and its review of the record and its determination of this case must be based on the record and not factors outside of the record. The Chairman stated that Senator Jones is here to address the Board, the President of the Senate; and we are honored to have you here Senator Jones.

Senate President Jones expressed concerns about the minority investors for Emerald. Senate President Jones stated that he felt it was imperative that he express his concerns about the minority investors regarding the 10th license. Senate President Jones referred to legislation in reference to the investors. Senate President Jones stated how the statutory investors are in jeopardy of losing their investments. Senate President Jones also stated that it would be wrong for them to lose their investments. Senate President Jones also stated that it was the Gaming Board's responsibility to protect them for they do not deserve to suffer the loss. Senate President Jones stated that the investors followed the law. They made the investments and the Gaming Board should look at that and say that they did nothing wrong. Senate President Jones stated that any action by the Board should ensure that the investors followed the law and they should be protected by whatever means necessary. Senate President Jones stated that the Gaming Board must protect the investors.

Langdon Neal, attorney for a number of the minority investors, addressed the Board. Mr. Neal stated that he had most of his clients present with him. He stated Mr. Al Johnson, Althea Noles, the Rodriguez brothers, Ernie Ojeda, Mr. Art Smith, and Mr. Blackstone were present. His co-counsel Matt Piers was also with him. Mr. Neal stated that he recognized that the Board is sitting in a quasi judicial fashion, and would not comment on the report and recommendation of the hearing officer. Mr. Neal stated that he has a remedy that he wants to suggest to the Board after considering all the evidence and deciding what the decision should be. He stated that the minority investors applaud the recommendation of Judge Mikva. Mr. Neal stated that a remedy is needed that is best for the people of the State of Illinois and avoid the disastrous consequence for the minority and women investors of Emerald. The statutory investors believe that a remedy is possible; an agreed plan of reorganization presented and approved by this Board and the United States Bankruptcy Court. Mr. Neal stated that the backup bidder should get the license. Mr. Neal read his recommended plan

and each investor read a brief statement in appealing to the Board for a fair and economical solution.

Chairman Jaffe stated that Reverend Tom Gray asked to address the Board. Reverend Gray referenced the Silver Eagle riverboat in reference to the Emerald license. He stated that Senator Jones needs to have the legislature make this right. He also stated that no one should approach the regulatory body to right the wrong that the legislature did to the public. Reverend Gray stated that the staff needs to be congratulated for their hard work.

Administrator's Report

Administrator Ostrowski stated that the matters relating to the Emerald Disciplinary Action and the Kim Johnson matter have been tabled. Administrator Ostrowski stated that additionally he is working with the Gaming Association and the General Managers to have a General Manager's meeting for the first quarter of 2006.

Board Policy Items

Member Moore moved for the adoption of the following dates for its regular meeting agenda for the calendar year 2006.

**Tuesday, January 3, 2006
Tuesday, February 14, 2006
Tuesday, March 14, 2006
Tuesday, April 18, 2006
Tuesday, May 16, 2006
Tuesday, June 20, 2006
Tuesday, July 18, 2006
Tuesday, September 19, 2006
Tuesday, October 17, 2006
Tuesday, November 14, 2006
Tuesday, December 19, 2006**

Member Sullivan seconded the motion. The motion passed by unanimous vote.

Rulemaking – First Notice

Administrator Ostrowski stated that back in October, Rules were referenced pertaining to Digital Surveillance. Member Ostrowski stated that we had received comments from the industry and the comments were incorporated into the new Rule and asked the Board's permission to submit that Rule for First Notice Filing with the Secretary of State.

Based on the staff's investigation and recommendation, Member Moore moved that the Board authorize staff to submit proposed Rule 3000.800 for First Notice Filing with the

Secretary of State upon final review and approval by the Administrator. Member Gardner seconded the motion. The motion passed by unanimous vote.

Owner Licensee Items

Items for Final Action

Casino Rock Island – Estate Planning of D. James Jumer – Transfer of Shares

Edward Shin appeared on behalf of Casino Rock Island and asked for the transfer of shares to go to key persons already approved by the Board.

Member Gardner moved to adopt the following resolution:

WHEREAS, or estate planning purposes, D. James Jumer established the D. James Jumer Trust, which is a living trust;

WHEREAS, D. James Jumer owns 92,869 shares in Rock Island Boatworks, Inc.;

WHEREAS, Rock Island Boatworks, Inc. d/b/a Casino Rock Island, holds an Owners License first issued by the Illinois Gaming Board in 1992 and most recently renewed on May 15, 2003;

WHEREAS, D. James Jumer resigned as trustee of the D. James Jumer Trust. Pursuant to the Successor Trustee provision of the trust, James F. Jumer, John Albert Jumer and Sylvia M. Wicks have become co-trustees of the D. James Jumer Trust;

WHEREAS, James F. Jumer, John Albert Jumer and Sylvia M. Wicks are each shareholders in and Key Persons of Rock Island Boatworks, Inc.

WHEREAS, the resignation of D. James Jumer as trustee and the succession of James F. Jumer, John Albert Jumer and Sylvia M. Wicks as co-trustees, transfers control over the D. James Jumer Trust to James F. Jumer, John Albert Jumer and Sylvia M. Wicks.

WHEREAS; D. James Jumer desires to transfer 92,869 shares of Rock Island Boatworks, Inc. to the D. James Jumer Trust;

NOW THEREFORE,

BE IT RESOLVED that the transfer of control of the D. James Jumer Trust to James F. Jumer, John Albert Jumer and Sylvia M. Wicks as co-trustees of the D. James Jumer Trust is approved.

BE IT FURTHER RESOLVED that the request to transfer 92,869 shares of Rock Island Boatworks, Inc. from D. James Jumer to the D. James Jumer Trust is approved.

BE IT FURTHER RESOLVED that James F. Jumer, John Albert Jumer and Sylvia M. Wicks shall update their previously filed Personal Disclosure Form 1s within 60 days or by February 6, 2006.

BE IT FURTHER RESOLVED that Rock Island Boatworks, Inc. d/b/a Casino Rock Island, shall file a Trust Registration and Disclosure Form within 60 days or by February 6, 2006.

Member Sullivan seconded the motion. The Board approved the motion unanimously by voice vote.

Casino Queen – Expansion Financing

Tom Monaghan addressed the Board in reference to Casino Queen’s financing of its new facility.

Based on a review of the staff’s investigation and recommendation, Member Moore moved that **the Board approve the proposed financing consisting of a \$65 Million Senior Secured Construction Loan and Reducing Revolving Credit Facility with Wells-Fargo Bank and tax increment financing (TIF) of up to \$11 Million and delegate to the Administrator, under Board Rule 3000.230(d)(2), final approval of the transaction upon execution of the appropriate documents.** Member Sullivan seconded the motion. The Board approved the motion unanimously by voice vote.

Hollywood Casino – License Renewal Investigation - Amended Motion –

Administrator Ostrowski stated that there were two housekeeping matters that the Board needs to modify. Administrator Ostrowski stated that he was in contact with Mr. Phillipe on behalf of Hollywood Casino as well as Ms. More on behalf of Boyd Gaming and asked that modifications be made to motions that were presented at the last Regular Board Meeting of October.

Member Winkler moved that **the Board designate and approve the following entities, positions, and persons as Key Persons of Hollywood Casino Aurora:**

- 1. Penn National Gaming, Inc.;**
- 2. Hollywood Casino Corporation;**
- 3. Director(s) of Hollywood Casino - Aurora;**
- 4. CEO of Hollywood Casino - Aurora;**
- 5. President of Hollywood Casino – Aurora;**
- 6. Executive Vice President of Operation, Penn National Gaming, Inc.;**
- 7. Vice President of Internal Audit, Penn National Gaming, Inc.;**
- 8. Peter M. Carlino;**
- 9. Kevin G. DeSanctis; and**
- 10. Leonard M. DeAngelo.**

Member Sullivan seconded the motion. The Board approved the motion unanimously by voice vote.

Boyd Gaming – Michael John Gaughan, Part-Owner – Key Person Investigation – Amended Motion – Member Sullivan moved that **the Board approve Michael John Gaughan as a Key Person of Par-A-Dice Gaming Corporation.** Member Moore seconded the motion. The Board approved the motion unanimously by voice vote.

Harrah's Joliet – License Renewal Investigation

Joe Domenico and Tom Thanas were present on behalf of Harrah's.

Member Winkler stated that he had some inquiries about the recent voucher mishap and Harrah's relationship to the company that made the error. Joe Domenico stated that he and his staff had to make sure that no improprieties occurred and worked with the Administrator in making sure that they had all their bases covered in the redemption of those items. He stated that the company admitted the mistake and he was trying to understand the business insurance end of it. Member Winkler stated that the business is a small company and that they do not have adequate insurance to cover the loss. Joe Domenico stated that he cannot answer because their inquiry into the matter is not complete. Harrah's will deal with them as fairly as possible. Member Winkler stated that if Harrah's is not fair with the company and Harrah's ruins that company, Harrah's will have a hard time convincing him of any re-licensing. Joe Domenico stated that they will try to be as fair as possible.

Member Moore addressed the Social Investment Strategy acknowledging that Harrah's did a good job, but the numbers are not where Member Moore thinks they should be. Member Moore also stated that staff has had discussions in reference to self-exclusion, audits and marketing that need to be addressed.

Member Gardner stated minority employment and minority professional numbers need to be worked on.

Harrah's Joliet – License Renewal Investigation - Based on the staff's investigation and recommendation, Member Sullivan **moved that the Board approve the Owner's License of Des Plaines Development Limited Partnership (DDLDP) d/b/a Harrah's Joliet Casino for a restricted term of 3 years commencing retroactively to September 2004. The Board imposed the following conditions:**

- 1. Until further notice, DDLDP shall submit to the Administrator monthly affidavits which confirm that DDLDP has downloaded any additions and/or corrections from the Illinois Gaming Board and that these additions and/or corrections have been incorporated into DDLDP's master in-house self-exclusion list and that all relevant departments with DDLDP have a copy of the updated self-exclusion list.**

2. **On a quarterly basis, DDLP shall submit to the Administrator information verifying the training of all DDLP employees in relevant departments involved in handling the self-exclusion list.**
3. **On a quarterly basis, DDLP shall conduct audits for the following areas:**
 - **Sensitive Key Procedures**
 - **Use of Handheld Clickers**

Upon completion of the audit, DDLP shall notify the Administrator in writing of the audit completion date, person(s) completing the audit and what exceptions, if any, were noted.

4. **On a quarterly basis, DDLP shall conduct audits of the Marketing Department to ensure compliance with its Internal Control System. Upon completion of the audit, DDLP shall notify the Administrator in writing of the audit completion date, person(s) completing the audit and what exceptions, if any, were noted.**
5. **Within 60 days, DDLP shall provide a comprehensive social investment plan that is approved by the Board.**
6. **DDL P will report to the Illinois Gaming Board on a quarterly basis on the progress of its social investment plan, upon implementation, until further notice.**

Further, Member Sullivan moved that the Board designate and approve the following entities, positions and persons as Key Persons of the licensee:

1. **Harrah's Entertainment, Inc.;**
2. **Harrah's Operating Company Inc.;**
3. **Harrah's Illinois Corporation;**
4. **Des Plaines Development Corporation;**
5. **President, Harrah's Illinois Corporation;**
6. **Director, Harrah's Illinois Corporation;**
7. **Director of Internal Audit, Eastern Division, Harrah's Entertainment, Inc.;**
8. **Internal Audit Manager, Eastern Division, Harrah's Entertainment, Inc.;**
9. **Vice President, Corporate Security and Surveillance, Harrah's Entertainment, Inc.;**
10. **Gary Loveman;**
11. **John Q. Hammons;**
12. **Juan Carlos Tolosa;**

**13. Normand J. Mullan; and
14. Brandy Baltz.**

Member Gardner seconded the motion. The Board approved the motion unanimously by voice vote.

Grand Victoria Casino – Chad Hayden, Internal Auditor – Level One - Based on a review of the staff's investigation and recommendation, Member Winkler moved that **the Board approve Chad J. Hayden as a Level 1 Occupational Licensee of Elgin Riverboat Resort d/b/a Grand Victoria Casino.** Member Sullivan seconded the motion. The Board approved the motion unanimously by voice vote.

Supplier Licensee Item

Cummins – Allison – New Supplier – Initial Licensure for 1 year

Based on the staff's investigation and recommendation, Member Sullivan moved that **the Board approve the application of Cummins-Allison Corporation for a Supplier's license for a period of one year expiring December 2006.**

Further, Member Sullivan moved that **the Board authorize Cummins-Allison Corporation to provide Kiosks Models Series 9010, 9011, 9012, 9013, 9014, 9015, replacement parts, repair services, and technical support for Illinois riverboat casinos.**

Further, Member Sullivan moved that **the Board designate and approve the following entity, persons and positions as Key Persons of the licensee:**

- 1. Cummins American Corporation;**
- 2. John Jones;**
- 3. William Jones, CEO; and**
- 4. Douglas Mennie, President and COO.**

Member Winkler seconded the motion. The Board approved the motion unanimously by voice vote.

Occupational licenses Approvals & Denials – Level 2's & 3's

Based on staff's investigation and recommendation, Member Gardner moved that **the Board approve 43 applications for an Occupational License, Level 2, and 195 applications for an Occupational License, Level 3.**

Further, Member Gardner moved that **the Board direct the Administrator to issue Notices of Denial to the following three applicants for Level 2 & 3 licenses, each of whom previously received notice that staff intended to recommend denial and either did not respond or provide additional information to rebut that recommendation:**

- 1. Justin Guppy;**
- 2. Larry Nelson; and**

3. Lori Squyres.

Member Winkler seconded the motion. The Board approved the motion unanimously by voice vote.

Administrative Hearing/ALJ Reports

In Re The Disciplinary Action of Walter Boyd, DC-05-03

Chief Legal Counsel Michael Fries stated that this action involves the settlement of a disciplinary action that was filed against a licensee by the name of Walter Boyd. Mr. Fries stated that the action was filed on October 14, 2005 due to his failure to respond to a child support notice that had been issued to him by the Illinois Department of Public Aid. Mr. Boyd has since entered into a payment schedule with the Illinois Department of Public Aid.

Based on staff's recommendation, Member Sullivan moved that **the Board accept the proposed settlement agreement and delegate to the Administrator the authority to execute such agreement.** Member Gardner seconded the motion. The Board approved the motion unanimously by voice vote.

Member Gardner stated that at the January 3, 2006 meeting time will be set aside to review the self-exclusion program.

Member Winkler moved to adjourn, Member Gardner seconded the motion.

The Board adjourned at 2:45 P.M.

Respectfully submitted,
Mary C. Boruta

Secretary to the Administrator